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CLERK U.S. DISTRICT COURT  
CENTRAL DIST. OF CALIF.  
LOS ANGELES

BY \_\_\_\_\_

UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

February 2007 Grand Jury

UNITED STATES OF AMERICA, ) CR No. 07- **07- 173**  
 )  
Plaintiff, ) I N D I C T M E N T  
 )  
v. ) [18 U.S.C. § 371: Conspiracy;  
 ) 18 U.S.C. § 1341: Mail Fraud;  
 ) 18 U.S.C. § 1343: Wire Fraud;  
 ) 18 U.S.C. § 1344: Bank Fraud;  
 ) 18 U.S.C. §§ 1956(a) and (h):  
 ) Conspiracy to Launder Money;  
 ) 18 U.S.C. § 1956(a)(1)(A)(i):  
 ) Money Laundering; 18 U.S.C.  
 ) § 2: Causing an Act to be Done]  
Defendant. )  
 )  
 )  
 )  
 )

The Grand Jury charges:

COUNT ONE

[18 U.S.C. § 371]

(Conspiracy)

THE OBJECTS OF THE CONSPIRACY

1. Beginning in or about 1997 and continuing through to  
September 15, 2004, in Los Angeles County, within the Central  
District of California, and elsewhere, defendant MAHMOUD KHALID  
AZZAM, also known as ("aka") Mike Azzam, aka Abdullah Taha, aka

1 A.A. Taha (hereinafter "AZZAM"), and others known and unknown  
2 to the Grand Jury, knowingly, willfully, and unlawfully  
3 combined, conspired, and agreed to commit the following  
4 offenses against the United States:

5 a. To commit mail fraud by devising, intending to  
6 devise, and participating in a scheme to defraud credit card  
7 companies, banks, and others ("the victim companies") of money,  
8 and to obtain money and property from the victim companies by  
9 means of false and fraudulent pretenses, representations, and  
10 promises, and the concealment of material facts, and causing  
11 items to be sent through the United States mail in furtherance  
12 of the scheme, in violation of Title 18, United States Code,  
13 Section 1341.

14 b. To commit wire fraud by devising, intending to  
15 devise, and participating in a scheme to defraud the victim  
16 companies of money, and to obtain money and property from the  
17 victim companies by means of false and fraudulent pretenses,  
18 representations, and promises, and the concealment of material  
19 facts, and causing signs, signals, and sounds to be transmitted  
20 by means of wire communication in interstate and foreign  
21 commerce, in violation of Title 18, United States Code, Section  
22 1343.

23 c. To commit social security fraud by falsely  
24 representing, with the intent to deceive, that a social  
25 security number was assigned to a member of the conspiracy by  
26 the Commissioner of Social Security, when in fact such number  
27 was not assigned to that person, in violation of Title 42,  
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1 United States Code, Section 208(a)(7)(B).

2 d. To commit bank fraud by knowingly devising and  
3 executing a scheme to use materially false and fraudulent  
4 pretenses, representations, and promises to obtain money,  
5 funds, assets, and other property owned by, and under the  
6 custody and control of, a financial institution, in violation  
7 of Title 18, United States Code, Section 1344.

8 THE MANNER AND MEANS OF THE CONSPIRACY

9 2. Defendant AZZAM, and others known and unknown to the  
10 Grand Jury, carried out the fraudulent scheme, in part, as  
11 follows:

12 a. Defendant AZZAM would establish a number of  
13 shell companies that would not engage in any business activity.  
14 The names of these companies included: A&A Automotive, GNZ  
15 Enterprises, Isra, Inc., Layl, MK Azzam Enterprises, Nahar,  
16 Inc., QWB International, RL Azzam Enterprises, Sanah, Inc., and  
17 1-877-Blackbook (the "shell companies").

18 b. Defendant AZZAM would file articles of  
19 incorporation, fictitious business statements, tax returns,  
20 and/or other documents with government entities in the names of  
21 the shell companies in order to create the impression that the  
22 shell companies conducted legitimate business. Defendant AZZAM  
23 would also obtain post office boxes, merchant bank accounts,  
24 and/or business addresses in the names of the shell companies  
25 or members of the conspiracy, in order to create the impression  
26 that the shell companies conducted legitimate business.  
27 Defendant AZZAM frequently used his residential addresses, a  
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1 Post Office Box held in his name, or his business address for  
2 many of the shell companies that he created.

3 c. Defendant AZZAM and other co-conspirators would  
4 be listed as officers on documents for many of the shell  
5 companies that were submitted to government entities and/or  
6 used to create business addresses for the shell companies.

7 d. Defendant AZZAM would obtain point of sale  
8 ("PCS") terminals (which are also known as credit card  
9 terminals), in the names of the shell companies. These POS  
10 terminals would be used to "swipe" credit cards through in  
11 order to conduct fraudulent electronic credit card  
12 transactions.

13 e. Defendant AZZAM would provide a co-conspirator  
14 with credit card applications to be completed in the names of  
15 non-existent individuals, people who did not know that their  
16 names would be used, and people who knew their names would be  
17 used but who agreed that their credit would be "busted out"  
18 through this scheme.

19 f. A co-conspirator would complete the credit card  
20 applications and would provide false information to support the  
21 credit application. For example, the co-conspirator would use  
22 false names, places of employment, social security numbers,  
23 and/or annual salaries. Defendant AZZAM was aware that the co-  
24 conspirator was completing the applications with false  
25 information and that the shell companies whose names were being  
26 used on the applications did not actually provide goods or  
27 services to anyone and did not employ any of the credit card  
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1 applicants. During the course of the conspiracy, defendant  
2 AZZAM and a co-conspirator would complete over 100 false credit  
3 card applications.

4 g. Once completed, the credit card applications  
5 would be mailed, faxed, or communicated via interstate wire  
6 communications to the victim companies. The victim companies  
7 would then issue credit cards and mail the cards to the  
8 addresses indicated on the credit card application form, which  
9 were addresses controlled by the members of the conspiracy.

10 h. After obtaining the credit cards, defendant  
11 AZZAM would swipe the fraudulently obtained credit cards  
12 through the POS terminals, thereby creating the appearance that  
13 goods or services had been rendered and paid for with the  
14 credit card. However, as defendant AZZAM and the other members  
15 of the conspiracy all well knew, no services had been rendered  
16 and no goods exchanged. Once a POS transaction was approved,  
17 the victim company would deposit money for the fictitious  
18 transaction into the merchant bank account for the shell  
19 company.

20 i. Credit card statements reflecting the fraudulent  
21 credit card transactions would be sent to the fictitious  
22 individuals in whose name the credit card had been obtained,  
23 and would be mailed to locations controlled by the members of  
24 the conspiracy which had been used on the credit card  
25 applications.

26 j. The members of the conspiracy would frequently  
27 pay a portion of the credit card bill in order to appear to be  
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1 a good credit risk and lure the victim company into extending a  
2 higher credit limit. When making the lure payments on the  
3 credit cards, members of the conspiracy would use credit card  
4 checks obtained from the line of credit extended on other  
5 credit cards.

6 k. The members of the conspiracy would abandon the  
7 credit cards and would fail to pay the victim companies for all  
8 of the transactions made. As a result of these fraudulent  
9 transactions, the members of the conspiracy obtained  
10 approximately \$900,000.

11 OVERT ACTS

12 4. On or about the dates listed below, in furtherance of  
13 the conspiracy and to carry out the objects of the conspiracy,  
14 defendant AZZAM, and others known and unknown to the Grand  
15 Jury, committed the following overt acts, among others, within  
16 the Central District of California and elsewhere:

17 (1). On May 12, 1998, defendant AZZAM filed a  
18 business license with the California State Board of  
19 Equalization for A&A Automotive, which listed defendant AZZAM  
20 as the owner of the business.

21 (2). On June 24, 1998, defendant AZZAM filed  
22 articles of incorporation for Nahar Inc. with the State of  
23 Nevada, which listed defendant AZZAM as the president of the  
24 company.

25 (3). On October 5, 1998, defendant AZZAM filed  
26 articles of incorporation for Sanah, Inc. with the State of  
27 Nevada, which listed defendant AZZAM as the president.  
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1 (4). On December 7, 1998, defendant AZZAM filed a  
2 business license with the California State Board of  
3 Equalization for Nahar Inc., dba A&A Automotive, which listed  
4 defendant AZZAM as the owner of the business.

5 (5). On February 18, 2000, defendant AZZAM filed  
6 articles of incorporation for Nahar Inc. with the State of  
7 Nevada, which listed defendant AZZAM as the president of the  
8 company.

9 (6). On April 17, 2001, defendant AZZAM filed  
10 articles of incorporation for Isra, Inc. with the State of  
11 Nevada, which listed defendant AZZAM as the president and a co-  
12 conspirator as the secretary of the company.

13 (7). In June 2001, a co-conspirator agreed to list  
14 himself/herself as the secretary on the corporate list of  
15 officers for Isra, Inc., filed with the State of California.

16 (8). On June 8, 2001, a co-conspirator agreed to  
17 list himself/herself as the secretary on the corporate list of  
18 officers for Isra, Inc., filed with the State of Nevada.

19 (9). On September 27, 2001, defendant AZZAM  
20 directed a co-conspirator to sign a Discover credit card  
21 application in the name of Alex Arrasi.

22 (10). On September 27, 2001, defendant AZZAM  
23 directed a co-conspirator to write on a Discover credit card  
24 application that Alex Arrasi worked at "Israel Inc." and earned  
25 \$175,000 a year in salary.

26 (11). On September 27, 2001, defendant AZZAM  
27 directed a co-conspirator to write on a Discover credit card  
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1 application that Alex Arrasi possessed a social security number  
2 of xxx-xx-8188.

3 (12). On November 27, 2001, defendant AZZAM directed  
4 a co-conspirator to sign an American Express credit card  
5 application in the name of Alex Arrasi.

6 (13). On September 27, 2001, defendant AZZAM  
7 directed a co-conspirator to write on an American Express  
8 credit card application that Alex Arrasi worked at Isra, Inc.  
9 and earned \$175,000 a year in salary.

10 (14). On September 27, 2001, defendant AZZAM  
11 directed a co-conspirator to write on an American Express  
12 credit card application that Alex Arrasi possessed a social  
13 security number of xxx-xx-8188.

14 (15). On November 17, 2001, defendant AZZAM swiped a  
15 Discover credit card held in the name of AA Taha, through the  
16 POS terminal for GNZ Enterprises, in the amount of \$9,989.50.

17 (16). On November 17, 2001, defendant AZZAM swiped a  
18 Discover credit card held in the name of AA Taha, through the  
19 POS terminal for GNZ Enterprises, in the amount of \$2,195.50.

20 (17). On December 9, 2001, defendant AZZAM contacted  
21 Norwest Bank and caused a wire transfer of \$14,700 to be sent  
22 to Discover Card.

23 (18). On December 24, 2001, defendant AZZAM received  
24 confirmation that the \$14,700 Norwest Bank wire transfer had  
25 been sent to Discover Card.

26 (19). On December 31, 2001, a co-conspirator signed  
27 a rental application for Post Office Box 149, San Pedro,  
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1 California 90733.

2 (20). On June 7, 2002, defendant AZZAM and a co-  
3 conspirator caused a US Bank letter reporting the closure of a  
4 credit account due to unusual activity to be mailed to Nahar  
5 Inc., in Redondo Beach, California.

6 (21). On June 28, 2002, defendant AZZAM filed  
7 articles of incorporation for Nahar Inc. with the State of  
8 Nevada, which listed defendant AZZAM as the president of the  
9 company.

10 (22). In September 2002, defendant AZZAM submitted  
11 an application for Post Office Box 13545, Torrance, California,  
12 held in the name of Azzam, dba Sanah Inc., Isra, Inc. and  
13 Lucrative Inc.

14 (23). In September 2002, defendant AZZAM changed the  
15 mailing address for the American Express credit card held in  
16 the name of Alex Arrasi to P.O. Box 13545, Torrance,  
17 California.

18 (24). On September 10, 2003, a co-conspirator signed  
19 a document to obtain a City of Torrance business license for  
20 Isra, Inc.

21 (25). On June 3, 2004, a co-conspirator signed a  
22 document to obtain a City of Torrance business license for  
23 Isra, Inc.

24 (26). On July 23, 2004, defendant AZZAM and a co-  
25 conspirator caused a fax to be sent to Wells Fargo Bank seeking  
26 approval for a line of credit for Isra, Inc.

27 (27). On August 26, 2004, defendant AZZAM sent an e-  
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1 mail to an accountant stating: "Please take a look at your  
2 files and see what is the income for Amra Food International  
3 for the tax return of the years 2001 and 2002, and do the  
4 income for M. Azzam as accordingly.

5 (28). On September 3, 2004, a co-conspirator sent an  
6 e-mail to defendant AZZAM and another co-conspirator listing  
7 things that needed to be done, including: "Follow-up to apps  
8 for UM/ISRA - US Bank, Elan, Western Financial, possibly First  
9 National Bank of Omaha . . . apply for new credit cards of  
10 lines of credit that do not require signing docs in person  
11 . . . requesting credit line increases from all existing  
12 accts."

13 (29). On September 6, 2004, a co-conspirator sent an  
14 e-mail to defendant AZZAM and another co-conspirator stating:  
15 "Please email me or call the hotel today . . . to let me know  
16 the best choice for communication so we can continue applying  
17 for new US/ISRA or GNZ credit products."

18 (30). On September 9, 2004, defendant AZZAM and a  
19 co-conspirator caused a Bank of America credit card statement  
20 and a returned check in the amount of \$2,400 to be mailed to  
21 Isra, Inc., in Torrance, California.

22 (31). On September 12, 2004, defendant AZZAM caused  
23 a letter to be faxed from Isra, Inc., in California addressed  
24 to Fleetbank, located in Pennsylvania, seeking an increased  
25 line of credit.

1 (32). On September 15, 2004, defendant AZZAM and a  
2 co-conspirator possessed over 500 debit and credit cards held  
3 in the names of a variety of individuals and businesses.  
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COUNT TWO

[18 U.S.C. §§ 1341, 2]

(Mail Fraud)

5. The Grand Jury incorporates and realleges paragraphs 1 through 4 as though fully set forth herein.

6. On or about September 9, 2004, in Los Angeles County, within the Central District of California, and elsewhere, defendant MAHMOUD KHALID AZZAM, also known as ("aka") Mike Azzam, aka Abdullah Taha, aka A.A. Taha (hereinafter "AZZAM"), and others known and unknown to the Grand Jury, having devised, intended to devise, and participated in the above-described scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and the concealment of material facts, for the purpose of executing the above-described scheme to defraud, placed and caused to be placed in an authorized depository for mail matter, to be sent and delivered by the United States Postal Service or by a private and commercial interstate carrier, the following material: A Bank of America credit card statement and a returned check in the amount of \$2,400 mailed to Isra, Inc., in Torrance, California.

COUNT THREE

[18 U.S.C. §§ 1343, 2]

(Wire Fraud)

7. The Grand Jury incorporates and realleges paragraphs 1 through 4 as though fully set forth herein.

8. On or about September 12, 2004, in Los Angeles County, within the Central District of California, and elsewhere, defendant MAHMOUD KHALID AZZAM, also known as ("aka") Mike Azzam, aka Abdullah Taha, aka A.A. Taha (hereinafter "AZZAM"), and others known and unknown to the Grand Jury, having devised, intended to devise, and participated in the above-described scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and the concealment of material facts, for the purpose of executing the above-described scheme to defraud, willfully caused the transmission of the following by means of interstate wire communication: a letter from Isra, Inc., in California addressed to Fleetbank, located in Pennsylvania, seeking an increased line of credit.

COUNT FOUR

[18 U.S.C. §§ 1956(a) and (h)]

(Conspiracy to Launder Money)

INTRODUCTION

9. The Grand Jury incorporates and realleges paragraphs 1 through 4 as though fully set forth herein.

THE OBJECTS OF THE CONSPIRACY

10. Beginning in or about early 2001 and continuing to in or about September 15, 2004, in Los Angeles County, within the Central District of California, and elsewhere, defendant MAHMOUD KHALID AZZAM, also known as ("aka") Mike Azzam, aka Abdullah Taha, aka A.A. Taha (hereinafter "AZZAM"), and others known and unknown to the Grand Jury, knowingly and unlawfully combined, conspired, and agreed to commit the following offenses against the United States:

a. Knowing that the funds involved represented the proceeds of unlawful activity, and with the intent to promote the carrying on of specified unlawful activity, namely, mail fraud in violation of 18 U.S.C. § 1341, and wire fraud in violation of 18 U.S.C. § 1343, to conduct, attempt to conduct, and cause others to conduct financial transactions involving the proceeds of specified unlawful activity and affecting interstate or foreign commerce, all in violation of 18 U.S.C. § 1956(a)(1)(A)(i).

b. Knowing that the funds involved represented the proceeds of unlawful activity, and with the intent to conceal and disguise the nature, the location, the source, the

1 ownership, and the control of the proceeds of the specified  
2 unlawful activity, namely, mail fraud in violation of 18 U.S.C.  
3 § 1341, and wire fraud in violation of 18 U.S.C. § 1343, to  
4 conduct, attempt to conduct, and cause others to conduct  
5 financial transactions involving the proceeds of specified  
6 unlawful activity and affecting interstate or foreign commerce,  
7 all in violation of 18 U.S.C. § 1956(a)(1)(B)(i).

8 THE MANNER AND MEANS OF THE CONSPIRACY

9 11. In the course of the conspiracy, defendant AZZAM, and  
10 others known and unknown to the Grand Jury, would use funds  
11 obtained through mail fraud and wire fraud to promote and  
12 conceal the scheme, including paying for initial purchases of  
13 merchandise, with checks in the names of fictitious businesses  
14 and individuals, in order to create a good line of credit with  
15 the victim companies and/or to entice the victim companies to  
16 increase the line of credit provided to the bust-out business,  
17 and transferring money obtained from the fraud to co-  
18 conspirators in order to further their fraudulent scheme.

19 OVERT ACTS

20 12. On or about the dates listed below, in furtherance of  
21 the conspiracy, defendant AZZAM, and others known and unknown  
22 to the Grand Jury, committed the following overt acts, among  
23 others, within the Central District of California and  
24 elsewhere:

25 (1). On November 15, 2001, defendant AZZAM and co-  
26 conspirators issued a check from the American Express credit  
27 card account of AA Taha, payable to Discover, in the amount of  
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1 \$5,000.

2 (2). On November 15, 2001, defendant AZZAM and co-  
3 conspirators issued a check from the American Express credit  
4 card account of AA Taha, payable to Discover, in the amount of  
5 \$6,000.

6 (3). On November 18, 2001, defendant AZZAM and co-  
7 conspirators issued a check from the American Express credit  
8 card account of AA Taha, payable to Discover, in the amount of  
9 \$9,000.

10 (4). On November 19, 2001, defendant AZZAM and co-  
11 conspirators issued a check from the American Express credit  
12 card account of AA Taha, payable to Discover, in the amount of  
13 \$9,850.

14 (5). On November 21, 2001, defendant AZZAM and co-  
15 conspirators issued a check from the American Express credit  
16 card account of AA Taha, payable to Discover, in the amount of  
17 \$9,865.

18 (6). On November 21, 2001, defendant AZZAM and co-  
19 conspirators issued a check from the American Express credit  
20 card account of AA Taha, payable to Discover, in the amount of  
21 \$9,875.

22 (7). On April 2, 2002, defendant AZZAM and co-  
23 conspirators issued a check from the Bank of America checking  
24 account of Sanah Inc., payable to a co-conspirator, in the  
25 amount of \$3,076.87.

26 (8). On May 15, 2002, defendant AZZAM and co-  
27 conspirators issued a check from the Bank of America checking  
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1 account of Sanah Inc., payable to a co-conspirator, in the  
2 amount of \$1,702.44.

3 (9). On December 16, 2002, defendant AZZAM and co-  
4 conspirators issued a check from the Bank of America checking  
5 account of GNZ Enterprises, payable to a co-conspirator, in the  
6 amount of \$9,215.

7 (10). On December 18, 2002, defendant AZZAM and co-  
8 conspirators issued a check from the Bank of America checking  
9 account of GNZ Enterprises, payable to a co-conspirator, in the  
10 amount of \$9,217.

11 (11). On December 19, 2002, defendant AZZAM and co-  
12 conspirators issued a check from the Bank of America checking  
13 account of GNZ Enterprises, payable to a co-conspirator, in the  
14 amount of \$3,600.

COUNT FIVE

[18 U.S.C. §§ 1956(a) (1) (A) (i), 2]

(Money Laundering)

13. The Grand Jury incorporates and realleges paragraphs 1 through 4, and 10 through 12, as though fully set forth herein.

14. On or about December 16, 2002, in Los Angeles County, within the Central District of California and elsewhere, defendant MAHMOUD KHALID AZZAM, also known as ("aka") Mike Azzam, aka Abdullah Taha, aka A.A. Taha (hereinafter "AZZAM"), and others known and unknown to the Grand Jury, knowing that the financial transaction described below represented the proceeds of some form of unlawful activity, conducted, caused to be conducted, and aided, abetted, counseled, commanded, induced, and procured others to conduct the following financial transactions affecting interstate commerce, which transaction in fact involved the proceeds of specified unlawful activity, with the intent to promote the carrying on of specified unlawful activity, namely, mail and wire fraud, in violation of 18 U.S.C. §§ 1341, and 1343: a check from the Bank of America checking account of GNZ Enterprises, payable to a co-conspirator, in the amount of \$9,215.

COUNT SIX

[18 U.S.C. §§ 1344, 2]

(Bank Fraud)

15. The Grand Jury incorporates and realleges paragraphs 1 through 4 as though fully set forth herein.

16. Between on or about January 21, 2002 and the present, in Los Angeles County, within the Central District of California, defendant MAHMOUD KHALID AZZAM, also known as ("aka") Mike Azzam, aka Abdullah Taha, aka A.A. Taha (hereinafter "AZZAM") knowingly devised and executed a scheme to use material false and fraudulent pretenses and representations to obtain money, funds, assets, and other property owned by and in the custody and control of World Savings Bank, a federally-insured financial institution, by claiming that real property was being purchased by a person and falsely stating that this person was employed at Nahar Inc., had been employed at Nahar Inc. for 28 years, and that the

1 person earned \$10,000 per month in salary, and thereby received  
2 a mortgage in the amount of \$343,200, in violation of Title 18,  
3 United States Code, Section 1344.

4 A TRUE BILL

5  
6 Foreperson

7  
8 GEORGE S. CARDONA  
9 Acting United States Attorney

10 *Sally L. Meloch*  
11 SALLY L. MELOCH  
12 Executive Assistant United States Attorney

13 THOMAS P. O'BRIEN  
14 Assistant United States Attorney  
15 Chief, Criminal Division

16 EILEEN M. DECKER  
17 Assistant United States Attorney  
18 Deputy Chief, Organized Crime & Terrorism Section  
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